C. I C I I C		
Subject: Defense Healt	h Program-TRICARE for Reservists #2	DoD Serial Number:
Appropriation Title: Var	ious Appropriations	FY 04-25 PA
11 1	• • •	Includes Transfer?
		Yes

Component Serial Number:	(Amounts in Thousands of Dollars)							
		nse Reflecting Program Previously onal Action Approved by Sec Def		Reprogramming Action		Revised Program		
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	С	d	e	f	g	h	i

This reprogramming action is submitted for prior approval because it uses general transfer authority pursuant to section 8005 of Public Law 108-87, the Department of Defense Appropriations Act, 2004; section 1001 of Public Law 108-136, the National Defense Authorization Act for Fiscal Year 2004. This action transfers \$419.429 million from various appropriations to the Defense Health Program, Defense, 04/04, appropriation and realigns \$131.842 within the Defense Health Program, 04/04, sub-appropriation. This action reprograms funding in support of a higher priority item, based on unforeseen military requirements, than that for which the funds were originally appropriated. This action meets all administrative and legal requirements of the Congress, and the Congress has not denied any of the items.

## <u>FY 2004 REPROGRAMMING INCREASE</u>: <u>+551,271</u> +379,933

<u>Defense Health Program, 04/04</u> +379,933

Budget Activity 1: Operation and Maintenance

Private Sector Care 7,420,972 7,420,972 +551,271 7,972,243

+379,933 7,800,905

<u>Explanation</u>: This reprogramming supports the increased cost of providing care to the Department's entitled beneficiaries through the Defense Health Program's private sector care sub-appropriation. This area is growing significantly faster than anticipated during development of the FY 2004 budget. The principle factors driving this increase include the increased use of the benefit by previously non-reliant beneficiaries (i.e. eligible beneficiaries who previously elected not to use the benefit), the increased utilization per eligible beneficiary, and the increased cost per health care encounter.

FY 2004 REPROGRAMMING DECREASES:		<u>-551,271</u> -379,933	
Military Personnel, Army, 04/04		<u>-160,200</u>	
Budget Activity 2: Pay and Allowances of Enlisted			
Combat-Related Special Compensation			
151,000	151,000	-151,000	-
Budget Activity 6: Other Military Personnel Costs Special Compensation for Severely Disabled 9,200	9,200	-9,200	-
Military Personnel, Navy, 04/04  Budget Activity 2: Pay and Allowances of Enlisted  Combat Polyted Special Companyation		<u>-69,433</u>	
Combat-Related Special Compensation 64,000	64,000	-64,000	-
1(6)	0.0		

Approved (Signature and Date)

APR 30 204

Source AA

Subject: Defense Health l			or Reservis	ts #2			DoD Serial Nu		
Appropriation Title: Various	us Appropr	riations				-	FY 04-25 Includes T		
							Ye:		
Component Serial Number:			(A	lmounts in Thoi	usands of Dolla	ars)			
		se Reflecting onal Action		Previously by Sec Def	Reprogram	ming Action	n Revised	Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	t Quantity	Amount	
а	b	c	d	e	f	g	h	i	
Budget Activity 6: Other	Military P	ersonnel C	osts						
Special Compensation fo	r Severely	Disabled							
		5,433		5,433		-5,43	33	-	
Military Personnel, Ma	rine Corps	s, 04/04				-18,90	<u>)0</u>		
Budget Activity 2: Pay a	nd Allowar	nces of Enl	isted						
Combat-Related Special	Compensat	tion							
		18,000		18,000		-18,00	)0	-	
Budget Activity 6: Other	r Military P	ersonnel C	<u>Costs</u>						
Special Compensation fo	r Severely	Disabled							
		900		900		-9(	)0	-	
Military Personnel, Air						-131,40	<u>00</u>		
Budget Activity 2: Pay a	nd Allowa	nces of Enl	isted						
Combat-Related Special	Compensat	tion							
		122,000		122,000		-122,00	00	•	
Budget Activity 6: Other	r Military F	ersonnel C	<u>'osts</u>						
Special Compensation for	r Severely	Disabled							
		9,400		9,400		-9,40	ስበ		

Explanation: This reprogramming supports the decrease of Special Compensations in the Services Military Personnel appropriation Budget Activities 2 and 6, consistent with section 641 of Public Law 108-136, the National Defense Authorization Act for FY 2004 (concurrent receipt of the military retired pay and veterans disability compensation for certain military retirees).

Defense Health Progra	am, <u>04/04</u>		<u>-131,842</u>	
Budget Activity 1: Ope	eration and Maintenance			
Direct Care	7,493,844	7,493,844	<del>-131,842</del>	<del>7,362,002</del>
HAC, SAC, and SASC	C DENIED SOURCE			7,493,844

Explanation: To address the FY 2004 private sector care unfunded requirements, a number of reductions to the direct care system are necessary. The DHP will reduce: real property maintenance to a 90-94% of the sustainment, restoration and modernization model; equipment replacement cycle to approximately a 9 year cycle; central information management/information technology programs; and other direct care system reductions applied to various programs to preclude reductions in operations and to minimize the impact on readiness while executing the appropriated FY 2004 program.

<b>T</b> 7	*		^*	
1 /m	clas	122	† 1 <i>0</i>	A
$v_{n}$	ciu.	200	ııc	и

## REPROGRAMMING ACTION - PRIOR APPROVAL

Page 3 of 3

Subject: Defense Health Program-TRICARE for Reservists #2	DoD Serial Number:
Appropriation Title: Various Appropriations	FY 04-25 PA
•• •	Includes Transfer?
	Yes

Component Serial Number:	(Amounts in Thousands of Dollars)							
	Program Base Reflecting Program Previously Congressional Action Approved by Sec Def				Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
а	b	С	d	e	f	g	h	i

The Private Sector Care shortfall amount was reduced by \$67.0 million that Congress appropriated to Private Sector Care for activities that are currently being executed in Direct Care System. These activities are: \$1.0 million for severance pay to the Region 11 appointing contract paid for by Army DHP direct care funds and \$66.0 million for resource sharing and local support bills paid in the Direct Care System under TRICARE next generation of contracts.

Health Program, 04/06			<del>-39,496</del>	
<b>Budget Activity 3: Procuren</b>	<u>nent</u>		-	
Other Procurement	328,826	311,679	<del>-39,496</del>	<del>272,183</del>
HAC, SAC, and SASC DE	NIED SOURCE			311,679

<u>Explanation</u>: To address the FY 2004 private sector care unfunded requirements and to preclude reductions in operations and minimize the impact on readiness while executing the appropriated FY 2004 program, this decrease represents a reduction in equipment and information technology.